

THE MADRAS JOURNAL OF CO-OPERATION

U. S. A.

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## Editorial Notes.

### Handloom Weavers' Provincial Co-operative Society.

The Government of India announced some time ago that they would annually distribute Rs. 5 lakhs among the provinces for a period of five years for the development of the hand-loom industry on co-operative lines. Out of this sum Madras will get Rs. 59,500 for the full official year 1935-36 and a proportionate amount for the last few months of the current official year. For the utilisation of this amount the Director of Industries has prepared a scheme which the Government of India have approved. The scheme contemplates the organisation of a provincial co-operative society at Madras with affiliated societies in the mofussil, the former helping the latter with technical advice, finance and raw material and also in finding a market for the goods produced by them. Steps have been taken to get the society registered under the Co-operative Societies Act. The main provisions of the by-laws of the provincial society are given below.

The name of the society will be the Madras Handloom Weavers' Provincial Co-operative Society Ltd. Its registered office will be at Washermanpet, Madras City. Its object is the organisation of the handloom industry on a commercial basis in Madras Presidency and the expansion of the market for handloom fabrics. It will purchase either for cash or credit such raw materials and appliances as may be required for the industry and retail the same for cash or credit to

the affiliated societies ; it will grant money advances to the affiliated societies ; it will own and let on hire improved appliances ; it will purchase or receive for sale the finished products of the affiliated societies and sell the same to the best advantage ; and do such other acts as may help the development of the handloom industry or improve the economic condition of weavers. Its authorised share capital will be Rs. 5 lakhs consisting of 10,000 shares of Rs. 50 each. Its membership is open to individuals who sympathise with the lot of handloom weavers, to firms engaged in the production or sale of raw materials required by handloom weavers, and to co-operative societies intended mainly for the benefit of weavers. Not more than one-third of the shares may be allotted to applicants other than societies. The maximum number of shares which an individual or firm may hold is 200, while a society may not invest in shares more than its own share capital. There is no provision for payment of share capital by instalments, the full value being required to be paid on allotment. The borrowings of the society are limited to five times its paid up share capital and the reserve fund, excluding such amounts as may be raised on the security of finished products definitely pledged to and placed in the custody of a creditor.

The management of the society will vest in a Board of 15 Directors, of whom 3 will be ex-officio—the Director of Industries, the Registrar of Co-operative Societies and the Principal of the Government Textile Institute ; 6 will be elected by the entire general body from among individuals and representatives of firms holding not less than 20 shares ; and 6 will be elected by the representatives of societies from among themselves. There is to be also an Executive Committee of 9 members consisting of the President, Vice-President, the ex-officio members and four others elected by the Board. Two at least of the members of the Executive Committee are to be representatives of societies. The Board will have a paid secretary. For the first year the members of the Board will be nominated by Government. The elected members will hold office for 3 years or until their successors are elected. The Provincial Society has the right to inspect an affiliated society and to ascertain by inquiry how it is working and to point out to it the defects in its working. The Provincial Society may also call for any information, statement or return from the affiliated societies. The services of the Board of Directors shall be gratuitous, except that they may receive such travelling allowance and sitting fee as may be fixed by the general body. It is the duty of the Executive Committee to

arrange for the purchase and supply for cash or credit, of raw materials required by the affiliated societies, and to arrange for the sale, for cash or credit, of the goods produced by the affiliated societies. The latter are expected ordinarily to get all their raw materials from the provincial society. The Executive Committee has also the power to make advances of money to the affiliated societies on reasonable terms. The net profits are to be divided in the following manner: 25 per cent to be carried to the reserve fund; 25 per cent to be utilised for paying dividend on share capital, subject to a maximum of  $7\frac{1}{2}$  per cent; 25 per cent to be divided among the affiliated societies as rebate on their purchase of raw materials from and sale of finished products to the provincial society; the balance to be used for the benefit of the handloom industry or to improve the economic condition of the weavers.

While we consider the scheme on the whole to be a well considered one, we should like to see it improved in one or two respects. The membership is rightly thrown open to individuals who wish to help the weavers and also to firms which deal in raw materials required by the weavers. But it is not thrown open to co-operative institutions which, while not being started mainly for the benefit of weavers (in which case they become affiliated societies) are yet in a position to help the provincial society or the affiliated societies to a greater extent than individuals. The Provincial Co-operative Bank, the Provincial Co-operative Union, the district banks and the urban banks are such societies. This proposed weavers' society is fortunate in getting a large subsidy from Government. But new types of useful societies like the insurance society, for which no subsidy was forthcoming, were organised by the Provincial Co-operative Union and other institutions at considerable initial expenditure. These societies, especially the financing banks, can be of great help to the proposed provincial society and its affiliated societies. Moreover, store societies like the Triplicane Stores and some urban banks like the Telegraph Employees' Society are good units of consumers, which can be of even greater service to the proposed society than the commercial firms which deal in raw materials required for the weavers. They should certainly be admitted to membership with a view to find a steady market for the goods made by the affiliated societies. Then the share capital is fixed at Rs. 50 per share and is made payable in one lump on allotment, and the possession of 20 shares is made a qualification for an individual to be eligible for election as a director.

This will mean that an important part of the directorate will be confined to capitalists and firms of capitalists. With the mentality which they will bring with them it is very doubtful whether they will allow the society to remain co-operative in its outlook. Another point which strikes us is that the Executive Committee, consisting of as many as 9 members, is unnecessarily large. Even granting that the presence on it of all the three ex-officio members is necessary, a committee of 7 members should prove quite ample, especially as there will be a paid secretary to look after the routine work. We hope that these suggestions will receive consideration at the hands of the promoters.

### A Housing Scheme.

The Bangalore City Municipality has decided to construct a model labour colony at Malleswaram, which is one of the extensions of the city. The scheme is to build 250 houses out of a loan obtained from Government. Each house will have open ground all round which will give scope for raising vegetables or flowers. For each block of 24 houses or so there will be a set of latrines and baths. The latter will be so constructed as to be capable of being converted into flush latrines when funds become available for constructing underground sewers. The design is made as simple as possible in order to keep down the cost, which without site value is estimated to be only Rs. 180 per house. The scheme is obviously one which deserves attention at the hands of other municipalities and of co-operative housing societies.

Co-operative societies will do well to consider such schemes especially in urban areas. Hitherto they have generally confined themselves to schemes intended to benefit the middle class people by enabling them to build and own houses with money supplied by the co-operative societies as loans to be repaid in ten to twenty years. Generally the members have made these houses too costly for their means and have been experiencing much difficulty in paying the instalments. There is a large class of people in every urban area whose means do not permit them to aspire to be owners of houses but who should have healthy and decent houses to live in as long as they reside in those areas. These houses are best provided by non-profit-seeking bodies like co-operative societies, public utility societies and municipalities. If the municipalities gave sites free or on long lease to the co-operative societies, they could easily build the houses and make them available for their members so long as they

conformed to the rules of the society. For promoting such schemes the present time is very favourable, as money is extraordinarily cheap and urban banks and central banks have large surpluses for which they are seeking suitable employment. Rents from these houses would give a fair return on the moneys invested, even after providing for a reasonable sinking fund. All that is required is that proper men should come forward to think out definite schemes and start working them with the co-operation of Government and municipalities. We hope that co-operators and co-operative societies will give their earnest attention to this subject.

### Educated Men's Special Responsibility.

The Chief Justice of the Mysore High Court, Mr. H. D. C. Reilly, late of the Madras High Court, who recently heard a criminal appeal preferred by the accused in the case for falsification of accounts of the Tumkur Town Co-operative Society and District Bank, took the right view in enhancing the sentences and in emphasising the special responsibility of educated men who undertake the management of institutions like co-operative societies which are intended for the public good. The first accused in this case was an advocate, who had previously been an Inspector of Co-operative Societies in the service of the State and was the Secretary of the two societies concerned for several years. His plea that he was not well conversant with the accounts of the institutions and that he merely trusted the clerks was deservedly rejected by the Judge. In enhancing the sentence he observed :

“ One of the greatest difficulties in this country is the indebtedness of so large a proportion of the people living in it. And one of the most hopeful ways of mitigating that difficulty is by the spread of co-operative societies. It is of great public interest that these societies should work well and successfully and that their influence is great. A man who, put in charge of the management of a society, manages it for his own gain, is not only committing one of the meanest of offences, but is doing something which is of the greatest damage to the public interest. No man who commits offences such as these of which A-1 has been convicted in connection with a co-operative society should be let off with a light punishment. It is necessary that in public interest, a severe sentence should be imposed and especially when the offences are committed by men of education and position such as A-1. But in considering A-1's case, there is something else that I think we ought to take into consideration and that is that his conviction must put an end to his professional career.”

The sentences on the two other accused also were enhanced. Who can deny that such deterrant sentences are called for, especially in the present state of the movement in this country?

### One Crore Grant.

In his recent budget speech the Finance Member of the Central Government announced that out of an expected surplus of Rs. 389 lakhs at the end of 1934-35, a sum of Rs. 100 lakhs would be given as a non-recurring grant to the provinces for rural development. Rs. 10 to 15 lakhs out of this sum, said the Finance Member, would be earmarked for the benefit of the Co-operative Movement; and to suggest the best way of utilising it, the Government of India had deputed Mr. Darling of the Punjab to consult Local Governments and the Provincial Registrars, and on receipt of his report the details of the scheme would be settled. Some weeks ago Mr. Darling paid a brief visit to our province. But the real purpose of his visit was kept a secret from non-official co-operators at any rate. It was believed that his visit had something to do with the Reserve Bank. There was no need at all for such secrecy in this case. Non-official co-operators would have been only too glad to know of the proposed grant from the Government of India and helped Mr. Darling with their own suggestions also. The Finance Member hoped that this grant would 'enable Government to develop the movement on sound financial foundations.' We are afraid the expression is not clear enough to enable one to guess for what kind of work the grant will be made available. We have to wait until Government consider Mr. Darling's report.

### A Rural Reconstruction Centre in Baroda.

The Baroda State is running a Rural Reconstruction Centre at a place called Kosamba. It is organised very much on the lines of the rural reconstruction centres of the Y. M. C. A. and of the Provincial Co-operative Union in Madras Presidency. If we remember rightly it was organised with the help of the Y. M. C. A. Its work is concentrated in ten villages in the vicinity of Kosamba. Much attention is given to poultry keeping and weaving. Sir V. T. Krishnamachariar, Dewan of Baroda, recently reviewed the work of the centre and sanctioned its continuance for a further period of three years. In his opinion the work done by the centre so far has created an interest among the rural population in their economic improvement and impressed them with the

importance of their own efforts to achieve that object. He restated briefly the aims and objects of the centre, which we believe rural workers generally will be interested to know :

"The centre should see that every cultivator in the area carried out in his farm improvements to crops, which the Agricultural Department recommended; that every village had a co-operative society which worked well enough to be considered as "A" class one by the department and that the village panchayats became live bodies discharging their functions of providing water supplies, improving sanitation, constructing village roads etc., and in other ways adding to the amenities of life.

"The education and moral programme includes adult education, development of community sense and of a feeling of solidarity in the village; propaganda against evils like early marriages and unreasonable customs connected with the social observances; the proper use of village library, the scout movement, other educative works through lantern lectures; in short, making village life full and interesting. The village schools are to be the centres of all such activities."

The chief thing in rural reconstruction work is to create a strong desire in rural population for "better living" by means of "better farming" and "better business". Whether the agency is official or unofficial, the most important factor leading to the success of a centre is the personality of the worker on the spot. We guess the Baroda centre possesses the right type of worker.

### **A Co-operator Honoured.**

Dewan Bahadur T. A. Ramalingam Chettiyar unveiled the portrait of Rao Saheb K. V. Tiruvenkata Mudaliar in the hall of the Tiruvarur Land Mortgage Bank in Tanjore District. Mr. Mudaliar is a pioneer of the movement in the district and has put in a service of some 25 years in the cause. Tiruvarur owes to him its flourishing Urban Bank, its Labour Society, its Supervising Union, its Land Mortgage Bank and its Loan and Sale Society. He has also been connected with the central banks of Tanjore and Kumbakonam, the Hood Institute, the District Manure Society, the Tamil Nadu Co-operative Federation and the Madras Provincial Co-operative Union. He was for several years an Honorary Assistant Registrar of Co-operative Societies. He has also done yeoman service on the Municipality and the Taluk and District Boards. He was presented on this occasion with an address by the Directors of the Land Mortgage Bank, who after recounting his various services to the district wished him long life, prosperity and greater opportunities for service. We congratulate him on being the recipient of this appreciation from his fellow workers.

### **Milkmen and Co-operation.**

On the 6th March Mr. V. Ramadas Pantulu presided over a largely attended meeting of milkmen on the Triplicane Beach in Madras. The object of the meeting was to form a milkmen's union.



Mr. Pantulu gave out at the meeting a lot of interesting information which he had collected regarding milkmen and the milk trade in the city. Referring to the Madras Co-operative Milk Supply Union, he stated that it was handling daily only 600 to 650 measures of milk of which some 350 measures were supplied to hospitals and the rest to the public. But the hospitals (i. e., the Government hospitals) alone required about 2,000 measures a day. Most of this milk was now obtained through contractors at a rate of only 5 annas per measure, whereas the investigations made by the Director of Agriculture and the Marketing Officer had shown that the cost of producing a measure of pure cow's milk was 6 or 7 annas. As the contractors will take care to have their own margin, it will be seen that milkmen are forced to sell the milk much below cost. He therefore advised them to form themselves into a strong co-operative society with branches in all divisions of the City, to collect accurate information regarding the number of milkmen, their economic condition, the head of cattle kept by them etc., and to consider what steps should be taken to protect themselves against exploitation by middlemen. He assured them every kind of help from the Provincial Co-operative Union.

### Election Rules.

For lack of uniformity in conducting the annual general body meetings of central and urban banks when directors are elected, a large number of disputes arise which are generally referred to the Registrar for settlement. To prevent these disputes as far as possible, the Registrar of Co-operative Societies in Mysore has framed a set of rules for the conduct of such meetings and issued a circular stating that they will be enforced in the case of all urban banks and central banks in the State. He has also advised the larger rural societies to conform to them as far as possible. These rules provide that at least a month's notice of the meeting should be given to the members; that those who, 15 days prior to the date of meeting, are in arrears of dues for more than three months, shall be disqualified to stand as candidates or to vote at the meeting; that nominations of candidates including a declaration by each candidate that he is willing to stand, and supported by two qualified voters, should be made at least 5 days before the meeting; that a list of qualified voters should be ready 3 days before the meeting; that ballot boxes, polling booths and polling officers should be provided, etc. The details are no doubt laid down elaborately but in many urban societies the membership exceeds a thousand and intense excitement prevails at the time of elections. Therefore such rules become necessary. Some of the bigger societies in our province have framed their own rules for elections. It is desirable that there should be a certain amount of uniformity about them, and our co-operators, official and non-official, will do well to put their heads together and evolve rules suiting our societies.

## A Co-operative Mundi

By

J. S. PONNIAH, M.A., DIP. ECON., F.R.E.S.

The Dindigul Co-operative Sales Society No. A-1216 (locally called the Co-operative Mundi) is the first of its kind for the Madura District and is perhaps the most successful one too.

The inspiration for launching it came as usual from the Departmental men. Patronage has been extended to it by a liberal and cultured landholder, the Zamindar of Edaiyakotai, who is the present Chairman of the Board of Directors.

How different it would have been if it had been started as a consequence of the need felt and by the ryots themselves to escape from the clutches of the *mundiwallahs* who swarm the town of Dindigul and are none too popular.

But the experiment could not have been tried in a better place. Nature has constituted Dindigul as an ideal collecting and distributing centre. It is a veritable emporium for a multitude of products, some of them specialities of this region. The region is singularly self-contained and at the same time a great exporter. The Department has indeed happily chosen the fittest place for a sales society.

A glance at transaction figures is very encouraging. The society was started on 19-4-1932. Within 3 months the total transactions amounted to Rs. 9,395 though at the end of that co-operative year (1931-32) it disclosed a debit of Rs. 119. But, for the year 1932-33 the transactions totalled Rs. 1,07,244 and the profits amounted to Rs. 275-10-0 giving a dividend of  $4\frac{1}{8}$  per cent on the share capital after meeting all the establishment charges and paying the honorarium to the secretary.

The variety of produce handled is equally encouraging. Here are the transactions according to some commodities and their quantities :

Paddy	...	20,000 bags (48 measures each).
Kapas 500	...	Bags (2 bags make one pothi).
Cotton	...	40 candies of 400 lbs. each.
Ground-nut	...	10,000 bags.

If one were to judge the transactions of the society as compared with those of the whole town (taking cotton as a sample) it would

appear that over against a total of 20,000 bales of cotton coming into the Dindigul market the co-operative mundi has captured a custom amounting to only  $\frac{1}{10}$ . It is perhaps roughly a fourth of the quantity handled by a single private mundi. But that is not bad for a beginner.

The record of transactions leads us on to a consideration of membership. One should suppose that the loyalty of members to the co-operative sales societies of this type depends entirely on that figure.

There are 34 affiliated village credit societies. Besides, the individual members are as follows:—

1932	...	50
1933	...	76
1934	...	71

The society members do not bring produce generally; they are there as members perhaps for educational and propagandist purposes. The effective membership is that of the 76 individuals only. It would appear that the contribution of each individual would be very high—as much as Rs. 1,300 per head! That certainly cannot be true when we know definitely that the ryot of this region is very poor.

The apparent contradiction vanishes if we take notice of the non-members who have transactions with the society. They number 300 on an average each year. The sales society is really patronized by the non-members! True that some of these become members; but the decline in membership for 1934 is rather discouraging.

What is to be the policy of the society towards the non-members in the future? At present loans are advanced on the stock of both members as well as non-members upto 60% and in some cases up to 80% of the value of the produce. Could the Society refuse such loans to non-members so as to induce them to become members? At present the non-members are not eligible for dividends or bonuses.

What is the source of the profits of the society? Commissions, of course! The society charges a commission like every other local mundi, but foregoes a few items such as the taking away of 'sample Kapas,' and 'Magamai'. Since the last two are very small items the mundi merchants would claim that the society does not really forego anything substantial. They levy brokerage according to the scheduled rates in the town. These rates are very high as compared with those in other centres.

Will the society be not working at profit if it were to be doing business in a different centre, say, Virudunagar? The answer is, perhaps, in the affirmative. If one takes into consideration the services of the Honorary Directors and Treasurers and also the free audit of the Department together with the free services of the non-credit inspector and the Agricultural Demonstrator, one is inclined to look rather sharply at the dividend of  $4\frac{1}{8}$  per cent declared last year. In reality the society does scarcely earn anything.

The *mundiwallah* is accused on all sides for making huge profits. Making due allowance for some of his fraudulent earnings, it is to be wondered whether in the light of the society's earnings (with the free services enumerated above) he could really be accused of digging gold from the pockets of the ignorant ryot. He cannot afford to be a honorary businessman as the Directors of the Sales Society are. He is certainly out to make a profit and earn a livelihood. But a parasite he is not.

This is however no defence of the existing system. It is defective to the core. But the Departmental Mundi has yet to prove that it provides an alternative mechanism efficient and beneficial and superior to its rival. Blind and prejudiced criticisms often do more harm than good to scientific investigations.

The society has not yet become a serious rival to any of the mundies. Until then the *mundiwallahs* would not very seriously think about the Departmental Mundi. At present they do not seem to care much about it.

Unless the membership of the Society swells and unless there is grading and co-operative selling which will have reactions on better farming and quality production, the mundi would be but a poor creature.

There is here one bright line of development, which I am told, has not yet been tried even by the Tiruppur Co-operative Sales Society with its very large turnover and its free grant of a substantial sum from the Indian Central Cotton Committee. The Dindigul Co-operative Mundi has already opened a branch at Ottanchatram (where the last year's transactions came to about Rs. 7,000) and another is contemplated at Ayakudi. If it is found successful the Society may boast of a chain of mundies.

The linking of the town with the village by 'co-operative chain mundies' is a development which we should warmly welcome as it effectively destroys the village middleman. The Department may give its fullest support to this scheme. Besides the elimination of the village dealer, it may result in lower commissions, lower establishment charges, saving of certain expenses and enlarged turnover.

It must be noted very carefully, however, that in spite of what the Sales Society can achieve in these directions, it has yet to labour under severe handicaps as compared with the local private mundies.

The bye-laws of the Society strictly prohibit purchase on its own account. The society has to act as a broker, pure and simple. This principle is theoretically ideal and for practical successful working, such a restraint is essential to save the secretary and other officials from several serious mistakes such as paying too high a price, especially when they wish to favour particular sellers. But the restriction puts the society in a sad plight in competition with the local mundies regarding the volume of transactions. The private mundies buy in the slack season and stock up in order to sell in a rising market and reap huge profits. But since the bye-laws prohibit this practice the society is not only deprived of a larger volume of business but also a source of profit.

Above all, a departmental mundy is likely to be the least successful business concern. It has no business traditions. All its office-bearers are elected members. The non-credit inspectors and the Deputy Registrar are shifting officials. X, a non-credit inspector, is an enthusiast in starting sales societies; but his successor, Y, may be opposed to such. Z, the new Deputy Registrar, wishes to strike out a new path by launching a co-operative restaurant. Where is the continuity of policy or traditions? The result is that in nine cases out of ten a society that did good work for the first two or three years dies a slow death of starvation.

What is to be the policy of the Government regarding the future of these societies?

## Debt Conciliation

(By R. S. R.)

It is an undisputed fact that the recent unprecedented economic depression and the abnormal fall in prices have rendered the agriculturist so helpless that State intervention in some form or other is urgently called for. In countries where the voice of the people prevails or where the State identifies itself with the lot of the people, very radical measures have been adopted to save agriculture from utter ruin. Even in our own country where Government is least responsive to public opinion, the provincial Governments of the Central Provinces, the United Provinces and the Punjab, and some of the Indian States have themselves sponsored measures of relief calculated to improve the lot of the tiller of the soil. Whether these measures will produce the desired effect or not, there is no gainsaying the fact that these Governments are actuated by a sincere desire to avert the catastrophe which threatens the agriculturists. Of such measures the one which least disturbs the existing order of things while attempting to provide an easy means of extricating the agriculturists from the clutches of the money-lender is the method of debt conciliation by which both the debtor and the creditor may come to some settlement through the intermediary of the conciliation boards invested with certain powers under the Statute. It is a modest measure and one which, as in other provinces, the local Government themselves ought to have brought forward. But when such a measure is brought forward by a non-official member whose motives none can question, it is surprising that the Government, instead of according it cordial support, should have tried to delay its passage by various means. They have appointed a Special Officer to enquire into the question of indebtedness of the ryot and on his report and the opinions of the Board of Revenue expressed thereon will largely depend the future attitude of the Government towards this non-official measure. Most of the terms of reference mentioned in the G. O., appointing the Special Officer deal with points which have already been investigated into by the expert Banking Enquiry Committees and no purpose will be served by calling for more data. The report and the opinions thereon may prove valuable material for students of economics. Whether they will help to solve the difficulties of ryots is doubtful. Anyhow as the Select Committee can meet and consider the provisions of the Bill only after the report

of the Special Officer is available, we hope with the lapse of time the Government will not decide to oppose the Bill altogether on the ground the need for such a measure does not exist in view of signs of economic recovery.

Let us consider the main features of the modest measure proposed by Mr. Chettiar. In the first place the provisions of the Bill are applicable to debtors whose debts exceed Rs. 150 but generally do not exceed Rs. 25,000 or such larger amounts as may be prescribed for each area. The Government is empowered to appoint Debt Conciliation Boards and a debtor or any of his creditors is allowed to apply to these Boards to effect a settlement mentioning full particulars of his debts when the debtor is the applicant. On receipt of the application the Board will bring together face to face the debtor and the creditors and endeavour to bring about an amicable settlement. If the creditors, to whom not less than 50 per cent. of the debts are due and the debtor come to a settlement, such arrangement when recorded and registered by the Board shall have the same effect as the decree of a Civil Court and it shall be binding on those creditors who have not agreed. In case of default by the debtor the amount under agreement shall be recoverable as an arrear of land revenue on the application of the creditor. It may be stated here that while 40 per cent of the debts due is enough in the Central Provinces for starting proceedings by the Boards, Mr. Chettiar's Bill has increased it to 50 per cent. This is a serious departure in the Madras Bill which is in favour of the creditors. When the parties fail to come to a settlement, while dismissing the application the Board is empowered to express its opinion in the form of a certificate as to who the unreasonable party is and in case it is the creditor he shall not be entitled to costs in any suit filed by him for the recovery of his amount and his amount shall bear only 6 per cent interest from the date of certificate.

In the course of his speech on the motion to refer the Bill to a Select Committee, Dewan Bahadur T. A. Ramalinga Chettiar, promoter of the Debt Conciliation Bill, took care to answer the various criticisms levelled against the provisions of the Bill. He pointed out that the Bill would not affect the mortgagee and that he was free to seek ordinary remedies in spite of the order of the Board. His very words may, with profit, be quoted here to remove all doubts in the minds of those who feel that the measure is of a confiscatory character.

## DEBT CONCILIATION

“Well, Sir, some sort of fear has been expressed in some quarters with reference to certain provisions of the Bill. For instance, one or two questions have been asked. One was whether mortgagees will be affected by this Bill. The provision is clear that a mortgagee is at liberty to proceed with his ordinary remedies, in spite of any order that may be passed by the Board. Clause 15 is clear that a secured creditor will not be debarred from filing a suit and seeking his ordinary remedy. It is also asked whether other persons who have got charges will be affected. The expression used is unsecured creditor will be only restrained. So if a charge gives security that would not come under that. There are charges like that of a landlord, or in favour of a vendor or purchaser under the law and these are persons with security. Naturally, they will not be affected by the Bill. It has also been asked whether it would affect those who would not agree. One sentence of mine in the Statement of Objects and Reasons has been misunderstood. It has been understood by some of the members to mean reference to other debts also and that the settlement will have force even though they do not agree. That is not the position at all. What the Bill says is so far as those who agree are concerned it binds them and the agreement will not be binding on the rest, except to the extent that the properties set apart for those who agree cannot be proceeded against by them who do not agree. If out of a half-a-dozen creditors three agreed to take eight annas in the rupee, whether the agreement will bind the rest is the question. The other people can proceed to collect the whole of their money against the other properties. Only they cannot go against item (a) (b) and (c) because it goes under this arrangement to discharge the debt of the three people who agree.”

After this clear exposition of the intentions of the measure proposed, there need be no hesitation in according support to it. Such doubts as may exist may be removed by suitable amendments consistent with the intentions of the mover in bringing forward this measure.

It is interesting to note that during the recent discussion on the Budget in the Central Provinces, non-official members sought to bring to the notice of the Government the need for setting up more Conciliation Boards in view of the successful and wholesome results in places where such Boards have been in existence. The Government promised to take necessary steps but expressed the difficulty of securing suitable persons with sufficient leisure to serve on the



Boards as the work of these Boards occupied much time. To those who doubt still the desirability of the measure in solving the problem of agricultural indebtedness at least to some extent this information, it is hoped, will prove a corrective.

There is no denying the fact that the Madras Bill is a modest measure and the distinguished author of it could have as well introduced some changes which the working of a similar measure in the Central Provinces has made necessary. There ought to be a provision for compulsory conciliation and in arriving at the settlement the Boards should see that the small agriculturist is not turned into a landless labourer, by assuring him just enough land to maintain himself and his family while other properties are set off against his debts to the creditors. The Census Report tells a sorry tale how land is passing into the lands of a few and how agriculturists are being reduced to landless labourers. This process should be stopped at once in the interests of the community. It is hoped that the report of the Special Officer will throw much light on this and other points and the Government, left to themselves uninfluenced by vested interests, will come forward with amendments calculated to set right the defects noticed in Mr. Chettiar's Bill. Let us wait and see.

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## The Mysore Economic Journal.

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## Supervision of Societies

By

(MR. K. L. BHANDARY, B.A.)

Apparently there is a school of thought which holds that supervision also, like audit, will be done by the Department better than the non-official. It is believed by them that reducing the number of Administrative Inspectors was a step in the wrong direction, and that the present ills in the movement are partly due to that course. The Provincial Bank inaugurated a scheme for urban societies with the laudable advance-forward idea of an ambitious non-official audit programme. But the Government did not favour it presumably because there was a body of opinion against it, in the non-official camp. The departmental staff is being increased in numbers, the staff under non-officials is dwindling; a substantial part of supervision fee being now diverted to audit.

When thus the ambitious non-official feels thwarted at every step, it is not quite fair to proclaim that the movement is *essentially* a non-official one or that de-officialisation is going on steadily though slowly.

The situation is anything but happy. When non-official institutions recommend liquidation of any society in the interests of healthy growth of the movement, the department is either not willing to accept the recommendation or proposes to proceed cautiously (i.e., with reluctance). The Government pointed out a few years ago in their review of the annual report that the weeding out of bad societies should be promptly attended to, and that the pruning knife should be freely used. This policy which was acceptable to Registrar Mr. Strathie (*Vide* Report for 30-31 page, 7-10 "Liquidation of bad societies has been proceeding rapidly"). (2) "There is yet a vast amount of work to be done in the near future to weed out the remaining useless societies") does not seem to find much favour with his successors in office. The result is that bad and indifferent societies continue to spread a bad atmosphere round about, and the movement gets into bad odour. Such societies are fairly large in number and form a pretty big percentage. Continuance of these societies in spite of suggestions for disregistration further chills the ambition of the non-official enthusiast.

As a proof of non-official interest waning, one has only to see the liquidation of the major number of District Federations, and a closing up in recent years of several unions as well. No doubt want of finance in some cases has prompted this step; but that is perhaps not the sole cause. In this District (South Kanara) even with a rate of supervision fund calculated at Rs. 0-12-0 on every hundred rupees of lending in societies, and the Bank's rebate of Rs. 0-8-0 on every similar sum, the finances have proved inadequate. 8 out of 17 unions have been cancelled. Before long a few more of even these 9 unions are to be scrapped. This must be the case in other Districts also.

To add to the troubles credit has become frozen. The borrower cannot repay what with reduced prices, depression etc. The lender has not the nerve to make advances. The picture is one of despair. What can any non-official do in these conditions? If the number of societies is not reduced either by a scheme of amalgamation or liquidation it will not be possible to render effective supervision either through the Departmental or non-official agency. Reduction of the number of unions necessitates the reduction of societies also, without in any way impairing the usefulness of such societies over any given area. There cannot possibly be two opinions about the necessity or otherwise of the "Local Union" which is and must be admitted to be "the primary unit for supervision."

My purpose in discussing the above matters is just to make Co-operators ponder over the finance available for non-official administrative work, the necessity of further reducing the number of societies by eliminating all bad and dormant societies the advisability of retaining a fairly large number of unions so as to have at least one such for every "Revenue Taluk," and try to continue to have supervision at least entirely in non-official hands and control. This matter is therefore one which requires immediate though joint deliberations, of the provincial institutes and of the All India Institute.

## Rural Reconstruction Reports.

### THE ALAMURU RURAL RECONSTRUCTION CENTRE, ALAMURU.

*The Second quarterly report for the year 1934-35.*

Alamuru Rural Reconstruction Centre is conducted under the auspices of the Madras Provincial Co-operative Union with a local committee consisting of Messrs. N. Satyanarayana, Y. Dorayya and S. Veeraswami. Mr. N. Satyanarayana is the convener of the committee. During the quarter the committee met thrice, once a month, and chalked out the programme of work for the workers and sanctioned amounts for various items of expenditure.

*Public Health and Medical aid:* Construction of public latrines is a problem in these deltaic areas. There are no vacant sites in the villages for the use of these public latrines. For nine months in the year water stagnates all around the village and there is not even an inch of space for people or cattle to move about. People ease themselves very near the village or even in public streets during nights and thus spoil the sanitation of the village. Pigs are the only natural scavengers to clean the surroundings of the village. Four public latrines for women were already constructed by the village panchayat of Alamuru in the four corners of the village. Encouragement was given by the village panchayats for introducing bore-hole latrines in private houses and the Rural Reconstruction pracharak is helping the individuals in the area by supplying slabs and machinery for the construction of bore-hole latrines. Bore-hole latrines were constructed in private houses at Nalluru, Chintaluru, Kapileswarapuram, Angara and Mulasthanam villages. The panchayats of Alamuru, Mulasthanam and Jonnada passed resolutions to construct public bore-hole latrines on the model supplied by the Rural Sanitation Health officer. The Health Inspector of Mandapeta, Mr. P. V. Subbarao, is paying constant visits to these villages and advising the panchayats on sanitary matters. From the 15th to the 21st December, a Health week was celebrated in the villages. Public meetings were held and lectures were delivered on sanitation and hygiene. The village panchayats of Alamuru, Chintaluru, Jonnada, Mulasthanam, Modukuru, Angara and Kapileswarapuram contributed Rs. 10 each for distributing prizes to school boys and

children. On the last day of health week celebration, Mr. N. Satyanarayana, Superintendent, Rural Reconstruction Centre, presided over the public meetings held at Alamuru and Chintaluru and delivered magic lantern lectures. *Nagarsankeertanam* was organised by a band of workers and they went round the village at dawn singing national and religious songs during the health week. People were exhorted to lead simple lives and keep public sanitation by observing personal and social purity.

The Homoeo dispensary organised under the auspices of the Alamuru Rural Reconstruction Centre has been rendering useful service in giving free medical aid to the poor. It is gaining wide popularity and the success of the dispensary is entirely due to the indefatigable service rendered by the Honorary Physician Mr. N. Kameswararao and his two assistants. The dispensary was opened last year in December and during the course of this one year 12000 patients received treatment. A statistical report is prepared showing the nature of diseases and the persons who received treatment castewar.

#### *Education.*

The educational activities under the auspices of Rural Reconstruction Centre are the working of the Folk School, visits and lectures to the Elementary schools in the area and magic lantern lectures to the masses on sanitation, public health and adult education. Newspaper reading circles are encouraged and ten copies of the daily *Andhrapatrika* are distributed and read in villages. The Folk School opened last year is conducted efficiently. The present strength is 90 (boys and girls). There are fourteen depressed class children. Co-education is given without any distinction of caste and creed. The students of this Institution are given special encouragement to make use of the Panchayat library and reading room located in the same building. The magic lantern Pracharak, U. Laxminarayana, was sent to Madras to attend the All India Libraries Conference held at Madras during Christmas. The Librarian, Mr. B. Narasanna, was also sent to attend the All India Libraries Conference as a delegate. Both the Rural Reconstruction Workers were specially deputed to visit all the important towns in Andhra Desa to acquaint themselves with the various library centres working in Andhra Desa. They availed themselves of the Rs. 10 concession tickets and extensively toured in all the Andhra Districts for 20 days. The Central Library at Alamuru is rendering useful service by distributing books,

papers and magazines, free to the public. An application was sent to the East Godavari District Board to contribute a sum of Rs 500 for the improvement of the Library. Daily 80 visitors are attending the reading room. There is a special Co-operative Library attached to the Alamuru Co-operative Land Mortgage Bank. The Director of Public Instruction is pleased to sanction Rs. 200 for the improvement of the Library. The Deputy Tahsildar of Alamuru inspected the libraries under the Order of the Government and found the books in order. He was satisfied with the working of the Library. The libraries working under the panchayats at Jounada, Choppella, Mulastanam, Angara and Kapileswarapuram are conducted properly and the daily *Andhrapatrika* was subscribed for by the libraries. The newspapers were daily read in the library halls in the villages. There is a proposal to organise a library tour in the next quarter to all the villages in the Firka with a view to create enthusiasm among the villagers for the cause of the library movement. A demonstrative Library Van will be taken to villages, followed by a band of workers delivering lectures to the public on library movement. Charts and maps are specially prepared for this purpose to explain to the masses vital statistics, the condition of education and other subjects. The library tour is arranged from the 9th to the 15th March. A District Library Conference also will be held in this Centre in this connection.

#### *Panchayats.*

The panchayats in this area are not able to carry on any work as no encouragement is given by the Inspector of Local Boards. The District Board also is unable to provide any funds to the panchayats for lack of funds. The panchayats will get a share of the local cess under the new Act, half anna in the rupee, and the total income which the panchayats will get will be about Rs. 10,000. Not a single estimate is prepared for any of the panchayats by the District Board staff. The Panchayat Officer is engaged chiefly in the elections of major panchayats and has bestowed very little attention for the encouragement of the minor panchayats. (He was recently transferred and the post is not yet filled up.) The East Godavari District Panchayats Conference was held at Alamuru on 4-11-34 under the Presidency of M. R. Ry. Vadrevu Viyyanna Garu, Vice-President of the Madras Provincial Panchayats Union. Andhra Bheeshma Nyapati Subba Row Pantulu Garu opened the Conference. There was a large gathering of representatives of village panchayats and resolutions were passed requesting the Government to strengthen the

finances of the panchayats and to pass a simple panchayat Act for the administration of the minor panchayats. The Alamuru and Mulastanam panchayats requested the Government to transfer the ferries to the village panchayats. The question is under consideration with the Government.

A proposal was sent to the Government by the village panchayat Choppella to open a Veterinary Hospital for the use of the public. The Panchayat came forward with an annual contribution of Rs. 200 and proposed to give a site free worth Rs. 500 for the construction of the hospital. The Assistant Veterinary Surgeon visited Choppella on 22nd December and made inquiries about the feasibility of starting a Veterinary Hospital in the locality.

### *Agriculture and Irrigation.*

For introducing modern methods of Agriculture, Departmental Officers are invited to deliver lectures to the agriculturists and help the ryots during the agriculture season. The Agricultural Demonstrator at Ramachandrapuram is regularly visiting our Centre and instructing the ryots in line planting of chillies, potato cultivation etc. Model manure pits were maintained at three places in Alamaru as an experiment for ryots to copy. A special Maistry is appointed by the Government to work in this area to assist the ryots in the improved methods of cultivation. The Assistant Director of Agriculture, Rajahmundry, visited Alamuru on 26-10-34 and gave practical suggestions to the ryots as regards intensive cultivation and rotation of crops. Irrigation Conferences attended by Departmental Officers and ryots were held at Kotipalli on 2-11-34 and Ramachandrapuram on 5-11-34. Mr. N. Satyanarayana, the President of the Ryots Association, represented the grievances of the ryots. There is failure of crops owing to the heavy rains and high floods in the river. The Executive Engineer, of Godavari Eastern Division, on the representation made by Mr. Satyanarayana, is pleased to open the Vedurumudi channel for second crop dalva. A deputation was arranged on 14-11-34 to request the Collector to sanction the opening of certain irrigation channels for second gingelly crop. The Collector gave a patient hearing to the representation and was pleased to recommend to the Engineering Department the opening of the channels as requested. A special conference was held at Cocanada on 8-12-34 for fixing the triennial programme to throw open the channels for second crop cultivation. Mr. Satyanarayana represented

## RURAL RECONSTRUCTION REPORTS

the ryots in the conference. He pressed for opening the channels for second crop gingelly in Alamuru Rural Reconstruction area. All the channels in the Alamuru Rural Reconstruction area are permanently opened for sugarcane and plantain garden crops. The Executive Engineer is pleased to open all the channels in this area for three years continuously for gingelly crop also.

Remodeling of Tapeswaram South Side channel was taken up by the Government this year. An estimate for Rs. 21,000 is sanctioned for this work. Permanent Notches were provided in the estimates. The ryots of Pulugurtha, Machavaram and Nidasanametla and Valluru villages are against this arrangement as this will not give adequate supply of water for the tail end lands. In spite of the protest from the ryots, this remodelling work was undertaken by the Department. A deputation was arranged in the month of November to represent the grievances of the ryots to Dewan Bahadur N. Gopalaswamy Ayyangar, Secretary, Public works Department. Dewan Bahadur M. Ramachandra Row and Mr. Satyanarayana led the deputation. The Secretary to Government gave a sympathetic hearing to the representation and addressed the Chief Engineer to make personal inquiry into the matter. The Chief Engineer came to Dhavaleswaram on 26-11-34 and granted an interview to Mr. Satyanarayana to represent the grievances of the ryots under the channel. Fifty ryots of several villages under this channel were also present on the occasion. After hearing their representation, the Chief Engineer promised to make modifications in the estimate inserting adjustable plank Notches in the place of permanent Notches. This change satisfied the ryots and the remodelling work is now in progress.

### *Co-operation.*

The Alamuru Co-operative Land Mortgage Bank has been working successfully in this area for redeeming the prior debts and for improvement of lands in this locality. Loan applications for Rs. 80,000 were sanctioned during this half year and an amount of Rs. 60,000 was disbursed to members. The General Body meeting of the Bank was held on 9-12-34. Election was held for the next three years and the new Directorate was formed. The old directors were re-elected except in one case. There is no change in the office bearers. The credit societies in this area are not borrowing at all from the Central Bank but rectification work is continued and collection of overdues is mainly attended to.



*General.*

Mr. V. V. Giri, after his success in the Assembly election, visited Alamuru and addressed a public meeting. There was a large gathering of ryots. He explained the future work in the Assembly and exhorted the ryots to organise agricultural labour. M.R.Ry. Desodharaka K. Nageswararow Pantulu Garu visited Alamuru on 3-11-34 and presided over the meeting, specially convened to celebrate the International Co-operators' day. He appealed to co-operators to organise credit on a large scale in villages and render help for the development of cottage industries. Mr. N. Satyanarayana, the Superintendent of this Rural Reconstruction Centre, visited Wardha and had interviews with Mahatma Gandhi for three days. He explained the schemes of Rural Reconstruction and the work done in various Rural Reconstruction Centres under the auspices of Madras Provincial Co-operative Union. He also delivered a magic lantern lecture on "Rural Reconstruction at Alamuru" which was attended by Mahatmaji and two hundred inmates of the Ashramam.

*Thanks.*

Our thanks are due to the Madras Provincial Co-operative Union for its financial support and other officials and non-officials who are giving hearty co-operation in running this Centre successfully.

N. SATYANARAYANA,  
*Superintendent.*

## REPORT OF THE SATYAMANGALAM RURAL RECONSTRUCTION CENTRE

*For the half year ending 31st December 1934.*

Under the auspices of the Coimbatore District Urban Bank a Rural Reconstruction Centre is functioning in Satyamangalam Taluk. The area of operations of the Centre includes also Nambiyur Co-operative Union.

The objects of the Centre are to organise village panchayats, run schools for Adult Education, arrange for rural sanitation and protected water supply for drinking purposes, and generally to educate the public on their civic rights. The economic condition of the villagers is improved through co-operative societies. Social consciousness and a sense of better living is awakened through the activities of youth leagues. Education, rural sanitation, and water supply and road communication are arranged through village panchayats.

## RURAL RECONSTRUCTION REPORTS

The District Supervisor in charge of the Rural Reconstruction Centre has also supervision of 6 co-operative societies in that area. Intensive work in those societies was done. Panchayats were re-constituted in the six societies. Overdues were collected and three societies borrowed from the Central Bank to an extent of Rs. 13,850.

Pamphlets were distributed to villagers on social work and on general knowledge. Weekly meetings and Bhajana parties were held on shandy days and festival days in villages. There are two libraries, one at Satyamangalam and the other at Chettipalayam. The books of the library are freely used by the villagers.

For labourers and agriculturists 3 adult night schools are conducted in Satyamangalam, Nallur and Chettipalayam under the direct supervision of the Rural Reconstruction Centre. 12 Day Schools are conducted by the village panchayats themselves of which 8 have been approved by the District Educational Council and are getting grants from the Government. The schools at Sembagapudur, Akkaraithathapalli, Vettiampalayam and Mottanam which were started this year have not yet been recognised by the District Educational Council for purposes of grant. For the eight schools approved, Government have given also equipment grants. The Panchayats of Kothamangalam, Hariappampalayam, Uthandiyur and Elathur have built their own buildings for their schools.

Last year orders were obtained for sinking 4 wells and the Government sanctioned half the grant. Only two panchayats began the work and they got the Government Grant also. In the period under report, estimates were prepared for four more wells and they are pending sanction with the Government.

There are 33 village panchayats organised and working in the Centre. All the Panchayats get land cess. The panchayats of Kodiveri, Sathamugai, Kothamangalam, Thoppampalayam, Uthandiyur have income from the ferries also. The Panchayats of Elathur and Koshanam have newly organised weekly shandies and thereby they have improved their income. Some of the Panchayats have employed sweepers to clean the streets. As elections have not been conducted in many Panchayats, they are not yet able to avail themselves of the income from the weekly fairs. Elections are since going on and the working of the Panchayats is watched with interest.

## Registrar's Administration Report.

### PART II.—DETAILED WORKING OF SOCIETIES.

21. The working of the Madras Provincial Co-operative Bank has continued to be satisfactory as may be seen from the following comparative statement for the last three years :—

	1931-32.	1932-33.	1933-34.
	Rs.	Rs.	Rs.
	( In Lakhs.)	(In Lakhs.)	(In Lakhs.)
1. Share capital paid-up ...	6'53	6'59	6'59
2. Deposits and other borrowings including overdrafts.	171'49	211'42	170'51
3. Working capital ...	188'90	231'51	190'96
4. Net profits. ...	1'68	1'40	2'31
5. Reserve fund after audit ...	11'30	13'85	14'44

During the year, the deposits of individuals fell from Rs. 59'05 lakhs to Rs. 53'27 lakhs, while there was slight increase from Rs. 15'58 lakhs to Rs. 15'83 lakhs in the deposits from local boards, municipal and jail contractors, etc. There was a fall in the deposits made by joint stock banks and other institutions, the amount held at the end of the year being Rs. 9'33 lakhs as against Rs. 13'91 lakhs at the end of the previous year. The bank has invested Rs. 151'89 lakhs in Government securities, which include a sum of Rs. 4'98 lakhs invested in treasury bills.

*Net Profit.*—The Bank earned a net divisible profit of Rs. 2'31 lakhs in the year under review as against Rs. 1'40 lakhs in the preceding year. The increase in the net profit was due to the reduced rates of interest on borrowings and the profit earned by the sale or conversion of Government promissory notes in which the Bank had to invest large sums owing to shrinkage in its loan business.

*Loans.*—The Loan transactions of the bank fell considerably in the year as there was no demand for money from the Central Banks which had large surpluses themselves. During the year, the Bank disbursed a loan of Rs. 15,414 to the Hospet Central Bank only as against Rs. 5'66 lakhs in 1932-33 and Rs. 20'56 lakhs in 1931-32 disbursed to Central Banks. Rupees 31'57 lakhs were advanced to individuals on the security of their deposits as against Rs. 20'44 lakhs in the previous year. At the close of the year, Rs. 5'53 lakhs were outstanding under short term and Rs. 11'39 lakhs under long term loans. Except for a sum of Rs. 2,478 due from societies under liquidation, the Bank had no direct dealings with primary societies.

# REGISTRAR'S ADMINISTRATION REPORT

*Overdraft and Fluid Resources.*—The Bank continued to have the overdraft of Rs. 37 lakhs given by the Imperial Bank of India on the security of Government securities. There was no overdraft on the security of the pro-notes of rural credit societies. The Provincial Bank maintained throughout the year the necessary standard of fluid resources.

22. The Madras Co-operative Central Land Mortgage Bank has recorded one more year of successful working. That there has been a steady progress in its transactions is evident from the following statement:—

	1929-30	1930-31.	1931-32.	1932-33.	1933-34.
1. Number of members—					
Individuals ... ..	124	166	168	181	190
Primary Land Mortgage Banks ... ..	19	37	35	50	63
	Rs.	Rs.	Rs.	Rs.	Rs.
2. Share capital ... ..	70,400	99,500	1,07,000	1,45,600	1,94,300
3. Borrowings—					
Debentures ... ..	...	3,51,990	10,78,900	20,83,300	34,55,800
Advance deposits ... ..	63,000	1,44,000	1,39,350	2,00,893	51,700
4. Loans outstanding against primary banks—					
Number ... ..	4	57	157	378	678
Amount ... ..	42,200	5,38,684	11,31,004	20,92,734	33,82,135
5. Investments in Government promissory notes, etc. ...	...	...	...	...	3,11,806
6. Overdues ... ..	...	407	109	95	...
7. Net profits ... ..	1,358	7,212	18,920	15,223	41,111
8. Reserve Fund after audit ...	340	340	6,873	10,678	23,953
9. Dividend ... ..	...	...	7%	7%	6%

The condition of the money market continued to be easy during the year. The debentures of the Bank have continued to be popular among the investing public and the Bank has been able to secure all the funds required by it at cheap rates of interest. The Bank not only issued fresh debentures but availed itself of the favourable monetary conditions and embarked on a systematic conversion of high interest-bearing debentures. Four series of debentures for twenty years to the extent of Rs. 24, 79, 500 were issued during the year, the first series at  $5\frac{1}{2}$  per cent interest, the second and the third at 5 per cent and the last one at 4 per cent. Two series of debentures for ten years carrying interest at  $6\frac{1}{2}$  per cent and

6 per cent were converted into 5 per cent debentures of twenty years and the benefit of such conversion was passed on to the borrowers in primary land mortgage banks. The conversion of another series of fifteen years' debentures carrying interest at  $6\frac{1}{4}$  per cent has been effected since the close of the year. At present the only debentures bearing interest above 5 per cent are the first and the fifth series bearing interest at 6 per cent and  $5\frac{1}{2}$  per cent respectively, the amount covered by them being Rs. 9,09,500. Debentures to the extent of Rs. 1,09,700 being the collections from primary banks in respect of the loans issued to them, were redeemed during the year. But most of this money came back to the Bank in the form of subscriptions for new debentures.

The last series issued during the year under report and the two new series issued since the close of the year carry only 4 per cent interest.

The benefit of the reduced rate of interest on the debentures has been passed on to ultimate borrowers. Funds are now made available to them at  $6\frac{1}{2}$  per cent. The reduction in the Central Land Mortgage Bank's rate of interest has brought about a general reduction in the rates of interest in the countryside.

It is gratifying to note that the primary banks were prompt in meeting their obligations to the Central Land Mortgage Bank. The total demand of Rs. 1,88,234 under principal and of Rs. 1,69,770 under interest was completely repaid to the Bank before the end of the year.

The Mortgage Bank system has become an important and permanent feature of rural credit organization in this Presidency and under the management of the directors of the Central and primary land mortgage Banks, has an effective role to play in the redemption of mortgage indebtedness in the Presidency. And the assurance of the Government of India given at the Economic Conference held in Delhi in April last that they "will be very ready to assist by giving their technical advice in regard to provincial schemes (of land mortgage banks) or otherwise, and will see that the Reserve Bank is organized to do so in the future" is an encouraging sign for the future of the land bank movement in the country.

24. The number of Central Banks remained the same as in the preceding year, viz., 32. The number of individual Central Banks. members in these banks rose from 3,977 to 4,106, while that of societies fell from 12,210 to 11,978. The society members were made up of 279 central societies (i.e., Unions and Federations), 10,521 agricultural credit societies, 909 non-agricultural credit societies and 269 societies of other types. The further decrease in the total number of society members is due to the cancellation of some societies.

## REGISTRAR'S ADMINISTRATION REPORT

The working of the Hospet Co-operative Central Bank was not satisfactory for some time past. At the instance of the Registrar, the bye-laws of the Bank were amended vesting the entire management of the bank in a special committee of seven members. Accordingly the special committee took up the management of the Bank. This arrangement, however, did not improve matters. There was, therefore, no alternative other than the supersession of the committee of the Bank under section 43 of the Co-operative Societies Act. The Committee was superseded with the concurrence of the Madras Provincial Co-operative Bank in February last and a Sub-Deputy Registrar of the department was deputed to work as the manager of the Bank. I am closely watching the affairs of this Bank and also those of the Aska Central Bank which is the only other Central Bank whose affairs are giving cause for considerable anxiety.

*Working Capital.*—The following comparative statement shows some of the important financial particulars relating to the operations of Central Banks:—

		1931-32. RS. (IN LAKHS.)	1932-33. RS. (IN LAKHS.)	1933-34. RS. (IN LAKHS.)
1. Paid up share capital	...	57'48	56'10	55'05
2. Deposits and other borrowings including overdrafts	... ..	493'69	505'25	451'00
3. Working capital	...	576'28	588'74	553'21
4. Net divisible profit	...	8'61	6'05	4'43
5. Reserve fund after audit for 1933-34	...	27'32	28'90	30'10

The fall in the paid-up share capital is chiefly due to the cancellation of some societies. The fall in deposits and other borrowings and consequently in the working capital of the banks is due to the non-renewal of old deposits and non-acceptance of fresh deposits from Local Boards and Municipalities.

*Net Profits.*—All the Central Banks worked at a profit in the year; the total net profits of all banks, however, fell from Rs. 6'05 lakhs to Rs. 4'43 lakhs. The banks at Tenali, Hospet, Cocanada, Mangalore and Srivilliputtur earned low profits in the year. The fall in net profits was due partly to the shrinkage in the loan transactions of Central Banks and partly to the provision made for bad and doubtful debts. The Central Banks were advised to declare dividend not exceeding 6 per cent in view of the present condition of societies and the low interest rates prevailing in the money market.

With the sum of Rs. 2,99,940 added to the bad debt fund in the year before the net profits were declared by me, the total to the credit of

the fund in all Central Banks on the last day of the year was Rs. 10 lakhs. I have also advised the Central Banks at Conjeevaram, Coimbatore and Rajahmundry to set apart substantial amounts to this fund from the net profits of the year under review.

*Borrowing from the Provincial Bank.*—The Hospet Central Bank is the only Bank which took a loan of Rs. 15,414 in the year from the Provincial Bank. There was no need for the other Central Banks to borrow afresh. For one thing, they themselves had surpluses; for another, they continued to adopt the same cautious policy in the matter of advancing loans to societies as in the preceding four or five years. The amount borrowed and outstanding at the end of the year was Rs. 6'93 lakhs as against Rs. 13'88 lakhs in the previous year. The Hospet and Aska Central Banks were in arrears to the Provincial Bank to the extent of Rs. 1'17 lakhs and Rs. 0'28 lakh respectively at the end of the year.

A sum of Rs. 10 lakhs was outstanding against individuals at the beginning of the year. A sum of Rs. 17'44 lakhs was advanced in the year and Rs. 17'65 lakhs were recovered. Thus Rs. 9'79 lakhs were outstanding against individuals at the end of the year.

A sum of Rs. 346'28 lakhs was outstanding against societies at the beginning of the year; Rs. 67'33 lakhs were advanced to them in the year and Rs. 96'95 lakhs recovered. There was, thus, at the end of the year a sum of Rs. 316'65 lakhs outstanding against societies. Of this, Rs. 230'11 lakhs were on long term and Rs. 86'54 lakhs were on short-term. The ratio of short term to long term loans issued to societies stood at 1 : 0'7 and that of the outstandings at the end of the year was 1 : 2'6.

Though most of the Central Banks have developed their short term loan business, large sums were granted by the following banks for long-term purposes in the year :—

*Loans disbursed to Societies.*

Name of the Bank.	Long term.	Short term.	Total.	Percentage of long term to total.
	RS. (IN LAKHS.)	RS. (IN LAKHS.)	RS. (IN LAKHS.)	
1. Vellore Central Bank.	2'27	0'31	2'58	88'00
2. Coimbatore Central Bank ... ..	7'05	2'85	9'90	70'20
3. Kurnool Central Bank.	0'50	0'06	0'56	89'29
4. The Christian Central Bank, Madras ...	1'74	0'29	2'03	85'71
5. Madura-Ramnad Central Bank ...	2'33	1'36	3'69	63'18
6. Salem Central Bank.	4'58	0'97	5'55	82'52

REGISTRAR'S ADMINISTRATION REPORT

*Arrears.*—Section II of Appendix 3 shows the percentage of balance to demand for principal, arrear and current interest due to Central Banks. The Presidency average of arrears under principal was 65'22 per cent for long term and 43.45 per cent for short term as against 61'20 and 38'05 for long term and short term respectively in the previous year. The Presidency average of balance to demand under interest was 42'61 per cent for arrear interest and 14'49 per cent for current interest as against 28'25 for arrear interest and 12'81 for current interest in the previous year.

25. The Provincial Co-operative Union continued to do useful work. On the 30th June 1934, it had 490 members on its rolls including 20 honorary individual members. It continued the publication of the "Madras Journal of Co-operation" in English and the "Andhra Sahakara Patrika" in Telugu. A number of books were added to the library of the union and the reading room continued to be popular. The President and some of the members of the Executive Committee carried on general propaganda on "co-operation," insurance and rural reconstruction during their tours. The Madras Provincial Bank contributed Rs. 1,500 in the year for rural reconstruction work as against Rs. 2,000 in 1932-33 and Rs. 9,000 in 1931-32. The work was conducted in five centres during the year. Magic lantern lectures were also delivered on "Co-operation" and rural reconstruction.

The Union continued to co-ordinate the activities of the Co-operative training institutes through its Education Committee and to hold the examinations.

The Tamil Nadu Co-operative Federation at Coimbatore continued to publish the monthly journal "Kooturavu" in Tamil. The Andhra Sahakara Sammelanam whose registration was cancelled in 1932, was restored by Government in August 1933. Since then, the main work of the Sammelanam was an attempt at a reconstitution of its directorate. It has not done anything in the matter of co-operative propaganda during the year and it remains to be seen whether there will be any improvement in its affairs.

27. For purposes of supervision, primary societies were grouped under different agencies as follows :—

1. Affiliated to local supervising unions	...	9,554
2. Affiliated to district federations directly	...	112
3. Affiliated to Central Banks for supervision	...	442
4. Under the Fisheries Department	...	50
5. Under the Special Police Officers for Kallars	...	142
6. Depressed classes societies under the supervision of the Madras Christian Central Bank...		470

It will be observed that the chief agency for supervision continued to be the local co-operative supervising unions. There were 375 supervising unions at the beginning of the year. Eighteen of them were cancelled during the year, mostly for reasons of economy, and three were added. Thus, there were 360 unions at the end of the year.

For various reasons most of the local co-operative supervising unions have not fulfilled the objects for which they have been started. The control and direction of supervisors has practically in all districts



been taken over either by the Central Banks or the Federations where they are effectively functioning although the work is done through unions. There were 581 supervisors at the end of the year. The expenditure incurred by them was Rs. 5,72,778 with their income from supervision fund, grants from Central Banks and contributions from District Federations amounted to Rs. 2,19,961, Rs. 2,15,308 and Rs. 61,971, respectively. Including the arrears of previous years Rs. 3'98 lakhs had to be collected in all districts from primary societies towards supervision fund. Of this, Rs. 2'71 lakhs, were collected and Rs. 1'27 lakhs were left in arrears at the end of the year.

In the conference of the Registrar with select Deputy Registrars and Sub-Deputy Registrars held in November 1933, it was agreed that supervision by unions should be continued though it was realized that bad and dormant unions should be liquidated; and that the existing unions might be regrouped into larger unions with compact areas of operations as a measure of retrenchment.

28. Two hundred and fifty-five students were trained by the six Training institutes and co-operative education. institutes during the year. One hundred and fifty-nine passed the examination conducted by the Madras Provincial Co-operative Union. The six institutes together incurred an expenditure of Rs. 20,488 of which the subsidy received from Government amounted to Rs. 6,230. In addition to this subsidy, Government gave each institute (except that at Rajahmundry) the services of a Sub-Deputy Registrar free of cost to do duty as Superintendent of the institute.

In G. O. No. 867, Development, dated 26th June 1934, the Government have ordered the discontinuance of this subsidy and staff to the institutes and sanctioned instead the starting of a Central Co-operative Institute at Madras and two mufassal peripatetic schools. The staff of the Central Institute consists of a Principal and two lecturers, a clerk and two peons. The course of training in Co-operation, Audit, Banking, Book-keeping and Rural Economics will be one year including vacation and candidates for departmental requirements will be trained in the Institute. The Institute has since the close of the year been opened by the Honourable the Minister for Public Works. It is hoped that the Institute will in course of time develop into a college and give a more detailed training to students in "Co-operation" and allied subjects.

The two peripatetic schools will be run under the auspices of the Madras Provincial Co-operative Union—one in the northern districts and the other in the southern districts. The school will conduct a course of training in the elements of co-operation and allied subjects for five months each and employees for non-official co-operative service will be trained thereat. Owing to the delay in the satisfactory settlement of the question of the period of the course of training in the schools they could not be started in time. The Provincial Co-operative Union has since agreed to the conditions laid down by Government and Government have directed that the schools may be started—one at Vellore and the other of Rajahmundry.

Classes for training the panchayatdars of village societies and supervisors in the principles and practice of co-operation were held by the District Federations and Central Banks at Chingleput, Cuddapah and Tanjore. The classes were held in four centres and 68 members of 26 societies attended them.

## Co-operation in Legislative Council.

### Organization of the Agricultural Credit Department of the Reserve Bank of India.

*21st January, 1935.*

376-Q.—Mr. P. V. Krishnavya Choudari: Will the Hon. the Minister for Public Works be pleased to state—

(a) whether the Government of India have deputed any officer to enquire into the organization of the agricultural credit department of the Reserve Bank of India and the relation of the Reserve Bank with the Co-operative movement ;

(b) whether the Government have received any information as to the districts that he has visited so far in this presidency, and if so, what they are ; and

(c) whether the Local Government have received any report from the officer or from the Government of India, and, if so, whether they will be pleased to lay it on the Council table ?

A.—(a) The officer appointed on special duty by the Government of India to advise them on the organisation of the Agricultural Credit Department of the Reserve Bank of India and on the relations of that Bank with the Co-operative movement in India toured this Presidency to acquaint himself in particular with the financial working of the movement.

(b) From the tour programme of the Special Officer received from the Registrar of Co-operative Societies, Madras, it appears he intended to visit the districts of Trichinopoly, Salem, Coimbatore and Chingleput.

(c) No.

Mr. P. V. Krishnayya Choudari :—“May I know whether the Government are expecting any report ?”

The Hon'ble Mr. P. T. Rajan :—“I do not think so.”

Mr. P. V. Krishnayya Choudari :—“Will the Government obtain the information and place it on the table of the House ?

The Hon'ble Mr. P. T. Rajan :—“I do not know whether there is any necessity for it; probably the Government of India may send us a copy of the report.”

### CO-OPERATIVE SOCIETIES.

#### **Waiver of penal interest by Co-operative Societies on overdue arrears.**

377-Q.—Mr. P. V. Krishnayya Choudari :—Will the Hon. the Minister for Public Works be pleased to state whether it is a fact that the

Government propose to direct Co-operative Societies not to collect penal interest on overdues of arrears ?

A.—With a view to giving relief to agriculturists affected by the economic depression, the Registrar of Co-operative Societies suggested to societies that penal interest might be waived in cases where overdues were paid before the close of the year (1933-34). An attempt was made in that year to give effect to the suggestion. The concession was not however availed of to any great extent during 1933-34 for want of sufficient time. The Registrar has advised societies to extend the concession during 1934-35 also.

Mr. P. V. Krishnayya Choudari :—“ In view of the depression, will the Government allow one or more year and cancel penal interest being collected by the Co-operative Societies ? ”

The Hon. Mr. P. T. Rajan :—“ It is stated in the answer that the concession has been extended to the year 1934-35. If there is further necessity, the question will be considered.”

**Proposal for the appointment of the Director of Agriculture to the Executive Committee of the Central Land Mortgage Bank, Ltd., Madras.**

378-Q.—Mr. K. A. Nachiyappa Gounder :—Will the Hon. the Minister for Public Works be pleased to state—

(a) on what basis or principles loan applications are considered and disposed of by the Central Land Mortgage Bank, Ltd., Madras ;

(b) whether any expert member for agriculture has been appointed to serve on the executive of that bank ; and

(c) if not, whether there is any proposal to appoint the Director of Agriculture to serve on the Executive of that bank and at what stage it is ?

A.—(a) The Board of Directors of the Central Land Mortgage Bank whose duty it is to deal with applications for loans satisfy themselves that the following conditions are fulfilled before any loan is granted :—

- (1) that the net income from the land mortgaged is at least equal to the annual instalment due on the loan ;
- (2) that the borrower has sufficient outside sources income to support himself and his family ;
- (3) that the borrower has a good title to the land mortgaged ;
- (4) that the value of the land mortgaged is at least twice the amount of the loan ; and
- (5) that outside debts are fully discharged,

(b) No.

(c) No.

Mr. K. A. Nachiyappa Gounder :—" May I know, Sir, whether there is any expert member of the Directorate of the Central Land Mortgage Bank who can fix proper value to the lands ? "

Diwan Bahadur C. S. Ratnasabhapatil Mudaliyar :—" Will the Hon. Minister be pleased to state whether the Government have enquired how far the loans are being paid regularly ? "

The Hon. Mr. P. T. Rajan :—" I believe the loans are paid regularly."

Diwan Bahadur C. S. Ratnasabhapatil Mudaliyar :—" Are the Government getting any periodical reports ? "

The Hon. Mr. P. T. Rajan :—" The Government are getting every year administration reports."

Mr. K. A. Nachiyappa Gounder :—" May I know, Sir, whether the Government have considered the feasibility of appointing the Director of Agriculture on the directorate of the Central Land Mortgage Bank ? "

The Hon. Mr. P. T. Rajan :—" I do not think that point was considered."

Mr. K. A. Nachiyappa Gounder :—" Will they please consider it now, Sir ? "

The Hon. Mr. P. T. Rajan :—" I do not think there is any necessity to do so."

### **Establishment of a Land Mortgage Bank at Tadepalligudem, West Godavari District.**

*23rd January, 1935.*

487-Q.—Mr. C. Indrayya : Will the Hon. the Minister for Public Works be pleased to state—

(a) whether any petitions were sent up to the Government in the matter of the constitution of Tadepalligudem Land Mortgage Bank in the district of West Godavari and by whom ; and

(b) the action taken by the Government on those petitions ?

A.—(a) At a meeting of the people of the Tadepalligudem Taluk held on 18th June 1934 under the presidency of M. R. Ry. Rao Sahib B. Venkataramayya Nayudu Garu resolutions were passed complaining that the Land Mortgage Bank at Tadepalligudem was not properly constituted. The President of the meeting communicated to Government a copy of the resolutions.

(b) The communication was transferred to the Registrar of Co-operative Societies for necessary action.

Mr. C. Indrayya :—"With reference to the answer to clause (b) may I know what action has been taken in the matter by the Registrar?"

The Hon. Mr. P. T. Rajan :—"I have no information on the subject."

Mr. C. Indrayya :—"May I know from the Hon. Minister what has been done in the matter by the Registrar?"

The Hon'ble Mr. P. T. Rajan :—"As stated in the answer, the communication was transferred to the Registrar for necessary action and Government do not know what has been done by the Registrar."

### **Progress of the Co-operative Movement in the Presidency.**

488-A.—Mr. A. Ranganatha Mudaliyar :—"Will the Hon. the Minister for Public Works be pleased to state the state of co-operative movement and its societies in this Presidency and if their condition is unsatisfactory, the steps proposed to be taken by the Government to find out the causes for it and rectify the defects in the movement?"

A.—The Hon. Member is referred to the Administration Report of the Registrar of Co-operative Societies on the working of Co-operative Societies in this Presidency for 1933-34 which has been published.

Mr. A. Ranganatha Mudaliyar :—"From the Report of the administration of the Co-operative Societies, it appears that the co-operative movement in the Presidency is in an unsatisfactory condition. My question is, what steps Government propose to take to find out its causes and rectify the defects. For this part of my question, no answer is given in the printed answer?"

The Hon'ble Mr. P. T. Rajan :—"I believe from the Administration Report itself my hon-Friend may find what the Registrar proposes to do?"

Mr. A. Ranganatha Mudaliyar :—"Does he believe it or does he know it to be a fact that any suggestions have been made therein?"

The Hon. Mr. P. T. Rajan :—"All the steps to be taken by the Registrar have been given in the Administration Report."

Mr. Bahseer Ahmed Sayeed :—"For the benefit of those members who have not received the Administration Report, will the Hon. Minister enumerate the steps proposed to be taken?"

The Hon'ble Mr. P. T. Rajan :—"I would ask the Hon. Member to go through the Report."

Diwan Bahadur C. S. Ratnasabhapatil Mudaliyar :—"The question definitely raises the point what steps are proposed to be taken by the Government to find out the causes and rectify the defects, etc.; and for this the Hon. Minister's reply is, 'the Registrar has taken steps.' Cannot the House get a definite and categorical reply to this?"

The Hon'ble Mr. P. T. Rajan :—"It is too comprehensive a question and it cannot be answered all at once."

B. Pocker Sahib Bahadur :—"May I know whether the Hon. Minister is aware of the exact proposals for the improvement of the situation as depicted in the Administration Report?"

The Hon'ble Mr. P. T. Rajan :—"I have answered that point."

## Correspondence.

### MINORS AND ARBITRATION SUITS.

To

THE EDITOR,

SIR,

I am much interested in the subject referred to by your correspondent at page 450 of your March issue. I am an arbitrator of nearly 15 years standing and have had to deal with cases of minors very often. What is being done on our side where Bombay Act VII of 1925 is applicable is that the society mentions the name of the guardian in such cases, and the summons is issued to him like ordinary summons against the defendant. No procedure of appointing guardian as is provided in C.P. Code is followed. If such guardian disputes his guardianship the society supplies the name of another guardian who is generally a near relation and summons is issued to him. Sec. 58 of the Act only mentions that the arbitrator shall have the power to summon and enforce the attendance of witnesses including the parties interested or any of them, and to compel to give evidence and to compel the production of documents by the same means and as far as possible in the same manner as is provided in the case of a Civil Court by the C. P. Code. This obviously does not include the procedure for appointing a guardian and there is no other procedure which is convenient to follow. I don't share the view of your correspondent that there is something in this omission which might invalidate the award as the minor is represented by a guardian during the proceeding. How that guardian comes before the arbitrator is after all a secondary matter.

There are lots of difficulties if the provisions of C. P. Code are made applicable which your correspondent does not seem to conceive. Suppose for instance, different proposed guardians refuse to act as guardians; whom should the arbitrator appoint as guardian? Is there any Government Official like the Nazir of the Court who may be appointed as guardian?

I need hardly mention that the legislature has constituted a Special Arbitration Tribunal under the C. S. Act and tried to avoid the cumbersome procedure of the Civil Court in disposing off cases. In fact it has been distinctly laid down in Rule 35 that the Arbitrator should decide cases according to justice, equity and good conscience. If this is remembered there is nothing to make doubtful the legality of the present procedure and the fears of your correspondent seem to be not well founded.

Yours etc.,

PRANVALLABHADAS H. BANNATWALLA.

## News and Notes.

A conference of co-operative societies in the Andhra Districts will take place at Rajahmundry on the 14th of April. The societies in East Godavari District are invited to join the reception committee by its convener, Dr. P. Gurumurti.

\* \* \*

The summer school annually held by the Y. M. C. A. at Ramanathapuram, Coimbatore, for the training of rural workers, will begin this year on the 29th of April and continue till 1st June.

\* \* \*

The Trichinopoly District Co-operative Federation and the Tamil Nadu Co-operative Federation (Coimbatore) have published in English and Tamil respectively the Co-operative Societies Act of 1932 with Rules and Amendments up to March 1934 for a nominal price of annas three and four respectively.

\* \* \*

In the Mannargudi Co-operative Urban Bank under the Chairmanship of Rao Saheb A. Seturama Ayyar, the portraits of Mr. T. P. Ratnachalam Ayyar, Ex-Secretary and one of the chief promoters of the Bank, and of the late Mr. P. A. David Singh were unveiled on 18-1-1935 by Mr. Narayanaswami Mudaliar, Deputy Registrar of Co-operative Societies. Many spoke about the qualities of head and heart of these two co-operators and about the work they had done. The Directors of the Bank gave a dinner in honour of the function.

\* \* \*

The nineteenth annual meeting of the Chintadripet Co-operative Bank was held on the 10th March last when the report of the Directors and the audit certificates for the years 1932-33 and 1933-34 were adopted and a new Board of Directors was elected. The Bank declared a dividend of 5 per cent and contributed a sum of Rs. 50 out of its common good fund to the Saraswati Sangam free dispensary which is working in Chintadripet.

\* \* \*

The proposal of the Madras Government to spend in three years a sum of Rs. 50 lakhs in improving irrigation tanks by removing silt and strengthening the bunds, put forward as a means of relieving rural unemployment, will meet with universal approval. We trust that the claims of co-operative labour societies, many of which are in a bad way for want of work, will receive due recognition at the hands of the Revenue and Public Works Departments. It will surely be of help to these societies if the Registrar should address the authorities concerned to show some preference to the labour societies.

\* \* \*

Mr. M. Marimuthu Pillai, Secretary of the Kurichi Co-operative Society, writing recently in 'Kooturavu' about the necessity for

amending the Insolvency Act, points out how some members, taking advantage of the provisions of the Insolvency Act, want to free themselves from all liabilities and throw the burden on other members, who, without this additional burden were already finding it difficult to pay their own debts to the society. He draws attention to the resolution of the Registrars' Conference held in February 1934 wherein the opinion was recorded that it was desirable to exclude members of co-operative societies from the provisions of the Insolvency Act. Mr. Marimuthu Pillai suggests that the Insolvency Act should be so amended that an order of discharge passed by an Insolvency Court should not relieve an insolvent member of an unlimited liability society from his liability to pay any amount due to the society.

We understand that at the instance of the Registrar of Co-operative Societies a Conference of the representatives of the four Central Banks in East Godavari District was held on the 24th of March last at the Madras Provincial Co-operative Bank to consider the question of the amalgamation of the four Central Banks. In addition to the representatives, Mr. V. Ramadas Pantulu as President of the Provincial Bank and the Registrar were present. Mr. Pantulu suggested that the District may conveniently be divided into two areas and a Central Bank be made to serve each area in the place of the four Central Banks. This proposal was acceptable to the representatives of the Central Banks who said that they would try to persuade their respective Boards of Management and General Bodies to accept it. The Registrar desired that they should place before them an agreed proposal before the end of May. Mr. Pantulu advised the representatives to discuss this matter with their friends on the occasion of the ensuing Andhra Provincial Co-operative Conference and come to an agreement. It is therefore hoped that this vexed question will soon be solved.

It is a characteristic feature of Mysore that many of its villages are supplied with cheap electricity for lighting, irrigation and other purposes. The State is soon going to have a technological institute which will train up young men to start and manage small textile factories which will not involve much capital outlay and which will use electric power looms. Japan is full of such small factories, which by adopting co-operative methods are able to standardise their goods and export them in large quantities.

Owing to the protection granted to sugar in 1932 there has been naturally a very great increase in the number of sugar factories. Prior to 1932 there were only 31 factories for making cane sugar. In 1932-33 came into existence 27 new factories and in 1933-34 as many as 65, making a total of 123. The number started in 1934-35, which is drawing



to a close, is perhaps as large as in the previous year. About 75 per cent of these factories are situated in the United Provinces and Bihar. Recently it was stated in the Madras Legislative Council that in 1933-34 five sugar factories were working in Madras Presidency and that in the current year four new ones had been registered.

\* \* \*

Addressing the old boys of the Kumbakonam College, Rao Bahadur K. V. Krishnaswami Aiyar, President of the Madras Library Association, suggested that they should open a small rural reconstruction centre and conduct it through their Association. He said that in countries like Holland, Switzerland and Germany groups of college students were conducting such centres during their vacations. To banish illiteracy from our country he would even advocate "intellectual conscription," requiring every educated young man to undergo a prescribed course of training in co-operation, sanitation, library work, minor industries etc., and to work for a certain period in the villages, the State meeting the expense. Such conscription had been tried elsewhere and was very well suited to the Indian's capacity, observed Mr. Krishnaswami Aiyar.

\* \* \*

Sweden (population 6 millions) is showing remarkable activity in respect of co-operative education and propaganda under the guidance and with the help of the Organisation Department of Ko-operativa Forbundet. In 1934 there were as many as 2,000 active Co-operative Groups, the membership of which was between 25,000 and 26,000. These groups were studying not only general co-operative subjects but also others like the economics of house-keeping, the housing problem, public finance, book-keeping etc. Some of the groups were undergoing their courses of study by correspondence. The idea of the study group ought to be taken up by our societies, the lead being given by our big urban banks and store societies.

\* \* \*

To escape the difficulties and uncertainties created by the conflicting fiscal and currency policies of different countries, some of the advanced nations of the world are resorting to the method of barter. Thus Brazil has arranged to get for her navy, destroyers from England, submarines from Italy and other units from other countries, in exchange for her goods. Germany is arranging to import cotton from the United States of America in exchange for her manufactured goods. Japan has entered into trade treaties with Turkey and Australia for the supply by the latter of cotton, tobacco and wool in exchange for cotton goods. The Irish Free State is similarly negotiating with Germany to obtain industrial electrical machinery in exchange for her agricultural products and live-stock.

# CO-OPERATIVE MEDICAL SERVICE FOR \$2 A MONTH.

The Ross Lane Co-operative Medical Society of Los Angeles offers a valuable service to its members in the form of full medical facilities for an inclusive charge of \$2 a month. The service comprises attendance by qualified physicians, X-ray and maternity treatment, and the use of the Society's clinic. The Society employs 36 full-time doctors in Los Angeles and 16 in neighbouring towns, 23 registered nurses and 40 other employees. An average of 400 people a day visit its clinic. Membership of the Society is 37,895. The number of members paying the monthly charge of \$2 is 12,530, and this sum covers service for themselves and their families, who constitute the remaining members. The Society has met with continuous hostility from individual practitioners and the medical trust, who have commenced several law suits against it, but so far the Society has won all these cases.

(Co-operative News Service).

Franklin Roosevelt, President of the United States of America, has recently submitted to the Congress an interesting plan to protect and insure the American people from the hazards of poverty and unemployment in old age. It is the biggest social security programme in American history. The following are some of the important features of the programme: (1) Flexible but compulsory unemployment insurance under a Federal and State system, restricted to workers and financed by a uniform three per cent tax on pay-rolls. (2) Three systems of old age pensions. (3) Aid to dependents—crippled or otherwise handicapped children. (4) Federal grant for extension of public health service. The cost of the entire programme to the Federal Government will be 100 million dollars next year and 200 million dollars in succeeding years. This gigantic social programme has received no serious party opposition in Congress, but contrary opinions have been expressed on the best methods. On the whole, though individual sections and details of the security programme will need to be subjected to Congressional scrutiny, the programme shows a commendable breadth and depth of social vision and serves as a model to the rest of the world.

## List of Societies registered during the month of last February.

Name of the Society.	District.	Date of Registration.
Duggirala Co-operative Loan and Sale Society Ltd.	... Guntur	... 9-2-35.
Guntur Co-operative Land Mortgage Bank Ltd.	... „	... 24-2-35.

## THE MADRAS JOURNAL OF CO-OPERATION

*The following is the List of Societies whose Registration has been cancelled during the month of last February.*

Name of Society.	District.	Date of Cancellation.
1. Nellore Swadeshi Co-operative Stores, Ltd. ...	Nellore	... 2-2-35.
2. Pillayanmanai C. S. ...	Tinnevely	... 6-2-35.
3. Ellore I. C. M. Workers C. S. ...	W. Godavari	... "
4. Nallaturupattur C. S. ...	Tinnevely	... 10-2-35.
5. Darsimala C. S. ...	Anantapur	... 11-2-35.
6. Vadakkanandal C. S. ...	South Arcot	... 11-2-35.
7. The Nilgiris Dt. Toda C. S. ...	Nilgiris	... 13-2-35.
8. Madras Workers Co-operative Bank. ...	Madras City	... 14-2-35.
9. Chirala Local Co-operative Union Ltd. ...	Guntur	... "
10. Valapad St. Sabastian Board High School Students Stores	Malabar	... 11-2-35.
11. Piduguralla Local Co-operative Union. ...	Guntur	... 18-2-35.
12. Sathenapalli Local Co-operative Union. ...	Guntur	... "
13. Gothur C. S. ...	Anantapur	... 23-2-35.
14. Conjeevaram Co-operative Audit Union Ltd. ...	Chingleput	... 26-2-35.
15. Mudigolam C. S. ...	Chittoor	... 27-2-35.
16. Surangulam C. S. ...	Ramnad	... 28-2-35.

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(Journal of the All India Co-operative Institutes' Association).

**Published Quarterly**

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## Registrar's Circulars.

No. C. 1296/35.

OFFICE OF THE  
REGISTRAR OF CO-OPERATIVE SOCIETIES,  
*Madras, Dated 7th March 1935.*

T. AUSTIN ESQUIRE, I. C. S., *Registrar.*

### CIRCULAR.

*Subject :—*Calicut Cottage Industries Co-operative society—encouragement of business.

The Calicut Cottage Industries Co-operative Society Ltd., Kallai post, Malabar, organised with a view to develop cottage industries among women, manufactures envelopes of various sizes and qualities. The members are all women and the society is run by them. It can undertake supply of envelopes to co-operative institutions with advantages to either side. This is a society which deserves the encouragement of co-operative institutions. Any information regarding varieties, prices, etc., can be had direct from the Secretary of the society, Kallai post, Malabar. S.

(By Order)

K. A. PADMANABHAN,  
*Manager.*

No. B. 1836/35.

OFFICE OF THE  
REGISTRAR OF CO-OPERATIVE SOCIETIES,  
*Madras, Dated 15th March 1935.*

T. AUSTIN ESQUIRE, I. C. S., *Registrar.*

### CIRCULAR.

*Subject :—*Liquidation—Passing of contribution orders—enforcing of Unlimited liability—Procedure to be adopted.

*Reference :—*Registrar's circular F. 6666/33 dated 8-12-33.

In paragraph 2 of the Registrar's circular quoted, instead of the sentence "In doing so.....and solvency of members" the following should be substituted :—

In doing so the deficit should be distributed equally amongst all persons liable to contribute to the assets of the society. Where, the liquidator finds either that the contributions levied against a particular member or members cannot be recovered from him or them or that they are disproportionately large when compared to their assets or repaying capacity, he need not enforce such orders. The amount covered by these orders should be distributed amongst the remaining contributories by means of supplemental orders. This process may be repeated and further contribution orders passed against more solvent members, if necessary.

(By Order)

K. A. PADMANABHAN,  
*Manager.*

## Review.

### BRITISH CO-OPERATION TO-DAY.

*Issued by the British Co-operative Union.*

The British Co-operative Union (Holyoake House, Hanover Street, Manchester 4) deserve to be congratulated on the excellent book called 'British Co-operation To-day' which they published on the eve of the 14th International Co-operative Congress held in September last, London, with a view to give the foreign delegates to the Congress visiting the British Isles an idea of the origin, growth and the present condition of the Co-operative movement in Great Britain. The book under review contains various sections giving many items of useful information about the co-operative movement. Sir Fred Hayward, J. P., Chairman of the British Co-operative Union, extended to all delegates greetings on behalf of the Union and quite in the fitness of things this forms the opening section of the book and Mr. R. A. Palmer's address to the International Co-operative Summer-school, held on the eve of the conference, gives an account of the progress of British Co-operation during the post-war period. Mr. Ben Jones, friend of the Rochdale Pioneers, gives his pleasant reminiscences about the starting of the Toad Lane Store and about the various personalities connected with the progress of the movement. The next section deals with actual facts and figures which show at a glance the phenomenal growth of the movement in the British Isles. The two sections that follow go into details about the working of the Union and of its head-office at Manchester. The various departments into which the activities of the Union are sub-divided and details about their location in the spacious office at Manchester are given in these two sections. Section 7 deals with the growth of the co-operative movement in Scotland with its headquarters at Glasgow. The industrial activities of the Co-operative Wholesale Society which not only buys articles from other manufacturers and producers but does produce and manufacture a large proportion of the articles sold by itself to the various retail stores are described and a brief account about the various journals and organs owned by the co-operative societies for doing propaganda work is given next. There are other sections dealing with the advance of co-operative production in recent times and the work done by the various guilds that co-operate with the Union in carrying the message of co-operation to the very nook and corner of the country. There are six distinct guilds of which the Women's Co-operative Guild is the oldest. There is the English Men's Co-operative Guild and Scottish Men's and Women's Guilds and the National Guild of Co-operators. There is also the British Federation of Co-operative Youth and all these organizations are active in doing effective propaganda on behalf of co-operation. The learned Editor of the 'Producer' has written a thoughtful article on 'Co-operation : retrospective and prospective' which brings the delightful volume to a close. The short bibliography appended adds much to the usefulness of the volume. The many fine illustrations considerably enhance the attractiveness of the publication whose printing and general get up show the high watermark in this technical line reached by the Publication Department of the Union. The British Co-operators may well be proud of their actual achievement in the field of consumers' co-operation and of this interesting record setting forth that achievement in an attractive form.

S. K. Y.

Extract.  
CO-OPERATIVE INSURANCE

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In insurance, as in other fields of economic activities, free competition does not regulate the development of the business in the interest of the consumers (policy-holders). Competition does not regulate insurance, because insurance service is organised as the most imperialistic of all capitalist trades and industries. It does not satisfy itself with the monopolistic position of the old societies, and forces its way through hundred-thousands of agents into each household, and "robs you with a friendly smile." Insurance takes the greatest advantage of the ignorance and the credulity of the masses, and mobilises against them the gigantic advertising forces and the whole complicated machinery of out-of-date legislation.

Co-operative insurance is of special interest to the working population, both urban and rural. It offers great advantages to the individual co-operator as well as to co-operative institutions, and serves already now over 15,000,000 members. Co-operative insurance makes possible the insurance of the poorer members of the community at reasonable rates, by decreasing premiums and introducing group or collective insurance. Co-operative insurance institutions not only offer their members better conditions of subscription, but also allow better settlements of claims than ordinary companies do, since their aim is service and not high profit-making. Co-operative insurance improves the bargaining position of its members, and defends them from the exploitation of profit-making insurance companies. It has also a beneficial effect on the general conditions of national insurance in each country by driving the profit-making insurance institutions to reduce rates and improve the terms of policies. The wide adoption of the s. c. mutual features by private insurance companies is also a result of the activities of co-operative and mutual insurance societies.

The benefits of co-operative insurance are not limited only to individual co-operators and their families. It plays an important and serious part also for co-operative institution, and for the whole Movement. It strengthens the position of co-operative societies, and especially of the rural productive and credit societies by stabilising the economic position of their individual members. It also offers to co-operative societies of various types an opportunity for developing a new form of service for their members by introducing collective and group insurance.

Co-operative insurance safeguards co-operative societies in industry, trade and credit against the consequences of natural risks, by offering them adequate insurance cover at moderate terms, thus steadifying their economic position, and helping them to develop their activities on a larger scale.

Co-operative insurance institutions accumulate considerable long-term funds, a great part of which is capable of being used for the development of other forms of co-operative activities (credit, housing, production, and trade). They help thus to complete a comprehensive system of co-operative finance which can to a considerable extent liberate co-operation from its dependence on capitalist finance.

Co-operative insurance faces the most dangerous and highly organised adversary, and it is really admirable that it has found enough energy and determination to fight its own battle, and to win considerable success. This battle commenced in Great Britain nearly seventy years ago, when a co-operative insurance was started in Manchester in 1867. Since then co-operative insurance has made great progress, and there are now nearly a hundred central co-operative insurance societies in operation in thirty-two countries, in different parts of the world. They can be classified in four main groups: Societies serving the consumers' movement, societies formed by the agricultural co-operative organisations or by agriculturists, mixed societies serving all groups of co-operative organisations, and societies formed by co-operative employees.

The Central Consumers' co-operative organisations felt the necessity of liberating themselves and the local co-operative societies from the hands of private insurance companies. They started usually by organising their own fire insurance institutions, which aimed at satisfying the needs of the societies. Then these institutions grew and they began also to insure the property and life of individual co-operators, and, later on, of non-members as well. They have taken up other insurance activities as well as fire and life. Such societies are operating in Czechoslovakia, Finland, Hungary, Great Britain, Norway, Scotland, Spain, Sweden, Switzerland, and U. S. S. R.

In some countries such co-operative insurance societies were established by Co-operative Central Organisations in conjunction with trade unions, and have served the needs of both Movements, as in Germany, Holland, Bulgaria, France, and Switzerland. In other countries such as Belgium and Palestine, central co-operative societies have been established by the Labour Parties or the Central Labour organisations.

The legal form of consumers' insurance institutions varies considerably. They function as independent co-operative societies in Czechoslovakia, Finland, Norway, Great Britain, Switzerland, Belgium Spain Sweden, etc. Or as special departments of the Co-operative Wholesale

## EXTRACTS

Societies (e. g., Spain, U. S. R.). In Scotland a co-operative insurance organisation was established as a Central Friendly Society, in France as a mutual society, and in Holland as a mixed banking and insurance institution.

Some co-operative societies (Special Insurance Societies) handle special kind of insurance, mainly fire, or life insurance. Others deal in many different kinds of insurance, having established for these purposes special departments (General Insurance Societies). In some countries there were established special co-operative societies to deal with different branches of insurance activities.

Some societies handle insurance only for collective or co-operative organisations. Others combine this kind of insurance with the insurance of individual members of co-operative bodies, and also individual co-operators. Many societies insure not only individual risks, but have also established special co-operative societies to deal with different branches of insurance activities.

Agricultural co-operative insurance is not much younger than the other branches of the movement. Its theory is even older. Looking for traces of a theory of co-operative insurance one is astonished to find that the only serious attempt to formulate one and to put it into operation was made by Raiffeisen over sixty years ago (1872).

Agricultural co-operative insurance is more widespread than consumers, and its institutions are operating in twenty-seven countries--in Algeria, Australia, Belgium, Bulgaria, Canada, Czechoslovakia, Denmark, Finland, France, Germany, Great Britain, Holland, Hungary, Ireland, India, Italy, Japan, Norway, Sweden, Spain, Switzerland, Palestine, Tunis, Ukraine, U. S. A., U. S. S. R., and Yugoslavia.

They usually deal with one or more natural risks: e. g., fire insurance in Austria, Belgium, Canada, France, and U. S. S. R.; life stock insurance in Belgium, Bulgaria, Czechoslovakia, Denmark, France, Holland, Italy, India, Palestine and Switzerland; hail insurance in Belgium, Denmark, France, Holland, Italy, Sweden, Switzerland, Spain, and Tunis; forest fire insurance in Norway, and agricultural accidents insurance in Holland.

The mixed co-operative insurance societies operate only in the Baltic countries in Estonia, Latvia, and Lithuania. They are formed by different groups of co-operative organisations, including the local agricultural co-operative insurance societies, and serve the whole Movement. These societies have proved very successful, and have developed operations on a large scale.

The last group of co-operative insurance institutions is formed by the insurance societies of co-operative employees. In many countries where the general co-operative insurance organisations were established



at a comparatively late date, they preceded the co-operative insurance societies, and in such countries (e. g., Germany, Switzerland, Denmark, Holland) they hold their ground.

The question of organisation plays a pre-eminent part in co-operative insurance. The main problem is the distribution of insurance operations between organisations of a different scale, and especially between local and central societies.

It is evident that co-operative insurance has to establish a centralised federated system built on local societies. The local insurance unit is certainly of very great importance.

However, the main argument for building up central federal organisations is that insurance business has to be operated on so large a scale if it is to be free from risk, that it is beyond the reach of the ordinary type of association. The inclination to form insurance unions and syndicates is increasing with the growth of interest in insurance activities in general.

Co-operative insurance, as presently organised, has also its weak points which have not to be overlooked. They lie in two directions: The co-operative insurance societies formed by the C. W. S. of the consumers' movement are imitating to a great extent the actual working manner of the capitalist insurance. They return to the insured a grater part of the surplus than ordinary insurance societies, but they do not differ much from the latter in their method of operations. These societies operate through a vast army of agents, and their management lies in the hands of paid officials. The participation of the insured in the management of the societies is negligible, and often does exist.

On the other hand, in local, mainly rural, co-operative insurance societies, members are enrolled by co-operative propaganda and enlightenment, and are not lured in by exaggerated promises, as in private insurance. But the local societies, if they have not the backing of a strong federation or of a central insurance society, are exposed to all the dangers of an isolated local body to dangers which are specially serious in insurance. The real solution of the problem lies, as also in other spheres of co-operative activities, in the combination of the local and central principles in the building up of a federated system in which all the links of the chain keep their independence and responsibility before the local membership, but are also interwoven in a federally organised scheme, the units supporting and supplementing each other.

*(Co-operative Official).*

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